

## Message Text

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64

ACTION AF-06

INFO OCT-01 ISO-00 EB-07 /014 W  
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R 191634Z MAY 75  
FM AMEMBASSY LAGOS  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 9337

UNCLAS LAGOS 04618

E.O. 11652 : NA  
TAGS : ECRE, BEXP, NI  
SUBJ : MAJOR PROJECT: CONSTRUCTION TASK FORCE

REFS: A. LAGOS 4093  
B. STATE 110481

1. TO CLARIFY OUR USE OF QUOTE LONG-TERM COMMITMENT UNQUOTE  
THERE ARE TWO WAYS A CONSTRUCTION COMPANY CAN DO BUSINESS IN  
NIGERIA. (A) IT CAN COME IN AT THE INVITATION OF FEDERAL  
GOVERNMENT (OR UNDER CONTRACT TO FOREIGN AID DONOR) IN ORDER  
TO EXECUTE ONE SPECIFIC PROJECT ONLY, IN WHICH CASE REQUIRE-  
MENT FOR LOCAL INCORPORATION AND NIGERIAN EQUITY PARTICIPATION  
CAN BE WAIVED; OR (B) IT CAN COME IN THE ESTABLISH ITSELF LOCALLY  
AND BE AVAILABLE FOR FURTHER PROJECTS ONCE INITIAL PROJECT IS  
COMPLETED. IN LATTER CASE, THERE IS LEGAL R  
INT  
(COMPANIES DECREE 1968) TO INCORPORATE LOCALLY, AND FUASLEGAL REQUIRE  
MENT (NIGERIAN ENTERPRISES PROMOTION DECREE 1972)  
TO ACQUIRE NIGERIAN PARTNER.

2. QUOTE CONSTRUCTION INDUSTRIES UNQUOTE IS LISTED IN  
SCHEDULE 2 OF ENTERPRISES PROMOTION DECREE. THIS MEANS THAT  
FOREIGN FIRMS CAN ESTABLISH CONSTRUCTION COMPANIES IN NIGERIA  
ONLY UNDER THE FOLLOWING CONDITIONS: (A) THERE IS A MINIMUM  
OF 40 PERCENT NIGERIAN EQUITY PARTICIPATION; AND (?) THE PARTNERSHIP  
HAS MINIMUM PAID UP SHARE CAPITAL OF DOLS648,000 OR MINIMUM ANNUAL  
TURNOVER OF DOLS1,620,000, WHICHEVER ENTERPRISES PROMOTION BOARD  
CONSIDERS MORE APPROPRIATE (THE FORMER IS NORMALLY REQUIRED  
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FOR CONSTRUCTION CONTRACTORS).

3. THEREFORE FOREIGN CONTRACTOR THAT WANTSTO DO WORK IN NIGERIA BEYOND ONE-SHOT PROJECT MUST BRING SUBSTANTIAL CAPITAL INTO COUNTRY IN ORDER TO MEET LEGAL REQUIREMENTS. HAVING MADE THIS COMMITMENT, WE SUPPOSE IT GOES WITHOUT SAYING THAT FIRM WOULD HAVE TO BRING IN SUFFICIENT EQUIPMENT AND TECHNICAL PERSONNEL TO UNDERTAKE MAJOR PROJECTS. (NORMALLY, IMPORTED CONSTRUCTION EQUIPMENT MAY BE APPLIED TO MINIMUM SHARE CAPITAL REQUIREMENT.)

IT IS THIS TYPE OF FIRM, AND NOT ONE-SHOTFIRM, THAT NIGERIANS ARE MOST INTERESTED IN ATTRACTING. INDICATIONS ARE THAT THEY WILL MAKE EVERY EFFORT TO SUPPLY SUCH FIRMS WITH ENOUGH WORK TO KEEP THEM BUSY (SEE 3RD PLAN, VOLUME I, P. 202, PARA. 15).

4. EMBASSY HAS POUCHED AIRGRAM STUDY OF ROAD CONSTRUCTION PROGRAM, COVERING THESE AND OTHER POINTS, WITH SEVERAL COPIES TO MEPD.  
EASUM

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NNN

## Message Attributes

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